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# ERS NEWSLETTER

A Bimonthly Newsletter for Economic Research Service Employees and Colleagues

U.S. DEPARTMENT OF AGRICULTURE  
WASHINGTON, DC

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## ERS Excellence Awards Announced

Four excellence awards were presented at the ERS Administrator's Ninth Special Merit Awards Ceremony on Apr. 12. The excellence awards recognize ERS staff for excellence in research, situation and outlook, and staff analysis. The annual awards are \$4,500 for an individual and \$6,000 for a group.

James Hrubovcak and Michael LeBlanc received this year's research award, for pioneering research using an innovative methodological approach to estimate the effects of tax policy on aggregate agricultural investment. This year's situation and outlook

award went to Sally Byrne, Lois Caplan, William Coyle, Wilma Davis, John Dyck, Rhodia Ewell, Sophia Huang, and Nina Swann, for excellence in the quality of analysis, reporting, and communication in the *East Asia and Oceania Situation and Outlook Report*.

Two staff analysis awards were given. The first went to Joseph Glauber and Michael Hanthorn for outstanding staff analysis in assessing marketing loan program options. The second went to Carol Goodloe and Mary Anne Normile for sustained excellence in providing staff analysis to ERS and USDA regarding agricultural trade issues for the U.S.-Canadian free trade discussions.



Top Photo: John Dyck, Wilma Davis, Lois Caplan, Sophia Huang, William Coyle, Nina Swann, and Sally Byrne

Right Photo: James Hrubovcak, Michael LeBlanc, and John Lee

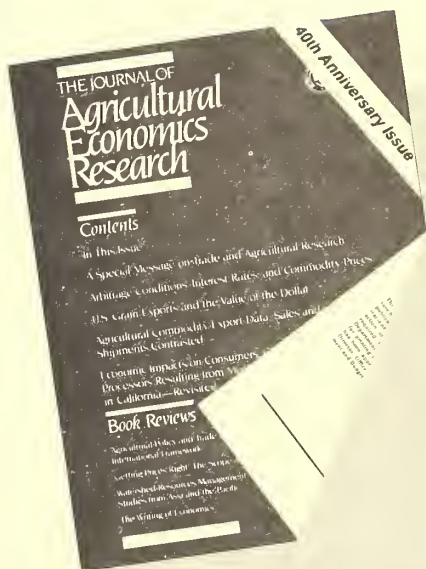


Top Photo: Joseph Glauber and John Lee

Bottom Photo: Carol Goodloe, Mary Anne Normile, and John Lee

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## Journal of Agricultural Economics Research Turns 40

A special anniversary issue of ERS's *Journal of Agricultural Economics Research* (Vol. 40, No. 1, Winter 1988) has recently been published. The *JAER* was started in 1949 by O.V. Wells, then director of USDA's former Bureau of Agricultural Economics.

The original purpose of the *JAER* was to provide a medium for agricultural economists and statisticians to publish technical articles on research findings.

Today, the *JAER* supports the mission of ERS by providing economic and other social science information to improve the performance of U.S. agriculture and the economy.

Part of the ERS mission is to contribute innovative applications of economic theory and methods to policy questions and to share new findings about economic and social relationships. The *JAER* is a vehicle for that sharing.

During its 40 years, the *JAER* (published quarterly) has published 488 articles and 764 book reviews in over 5,500 pages. The *JAER* now has subscribers in 54 countries.

## ERS Hosts Agricultural Productivity Measurement Conference

ERS and the Committee on National and Regional Analysis, Evaluation, Planning, and Funding of Agricultural Research (IR-6) recently sponsored a conference on new measurement procedures for U.S. agricultural productivity.

ERS productivity indexes, developed partially in response to American Agricultural Economics Association recommendations, were introduced to favorable reaction. Discussions of future research directions emphasized the need to adjust input indexes further for quality changes. Also receiving attention was how to determine an appropriate weight to assign capital in an index-number formula. The appropriate treatment of nonconventional inputs, such as water and environmental protection, was discussed but left unresolved. ERS economists John Schaub (786-1469), Roger Conway, and Eldon Ball cochaired the conference.

## New Seminar Series Launched

ERS has initiated a new seminar series, organized and coordinated by Neill Schaller (786-3313) and Anthony Grano (786-1880). The seminars, led by both ERS staff and other agricultural economists, focus on research, outlook, and staff analysis topics. The series provides a forum to help identify analysis needs, critique methodology, and report findings.

In the first seminar of the new series, Bruce Gardner (U. of Maryland) discussed ERS-U. of Maryland cooperative research on gains and losses from the 1984-87 commodity price and income support programs. In the second seminar, ERS economist Robert Barry led a discussion of U.S. sugar policy and its research implications.

## Current Research

### Global Agricultural Policies Reviewed

What policies have resulted in dramatic wheat, rice, and coarse grain yield increases in China in the past 8 years? What was the outcome of recent agricultural policy reforms in sub-Saharan Africa? Does Ecuador guarantee its milk producers a minimum price? What does the acronym COFACE stand for?

The answers to these and many other questions are to be found in a new ERS publication, *Global Review of Agricultural Policies* (AGES-880304). The 367-page report offers a comprehensive review of policies affecting agriculture in 157 countries, including the United States.

The report covers foreign agricultural policies dating back to 1932 and includes a selected reading list at the end of each country and regional statement. ERS economist Gene Mathia (786-1680) coordinated the project.

[The "Current Research" section is continued on page 4.]

## Economic Research Service

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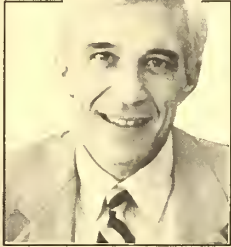
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## Associate Administrator's Letter – Data Management

Last year, ERS Administrator John Lee announced five major program emphases for the agency over the next 2-5 years. One of these is to “build and exploit a first-rate information/data management and dissemination system.” Doing this involves improving internal access to data, models, and computational resources and developing and supporting automated “bridges” to external users and providers of ERS information and data.



CAROLYN RILEY

While much remains to be done, we have made substantial progress. We have developed the major components of a computer architecture, including: almost 500 personal computers; extensive internal communications capabilities; sophisticated analytical systems, models, and software; operational components of three major network systems; a plan to institutionalize desktop publishing; ERS-wide standards for technology (e.g., WordPerfect and IBM PS/2); and training and support services for the system.

We are now working on linking these components into an integrated information and data management system that serves the needs of ERS programs and provides “gateways” for the receipt and dissemination of data. On May 13, we issued an internal Data Management Policy and Implementation Plan that outlines the principles and objectives for developing our data management system. We plan to develop a system that (1) serves the needs of individual managers, researchers, and staff and (2) conforms to the way we produce the broad array of ERS products. To accomplish this, we will develop and implement a distributed data management system that builds on current programs, data bases, and expertise. The first task is to develop and support an integrated ERS directory and access system linking users to ERS information, data, and computational resources.

By 1995, we want every person in ERS to have the hardware and software to do his or her job and the skill necessary to make use of all the automated information and analytical systems ERS has to offer. We also should be able to access data from outside ERS and make ERS data accessible to users in both the public and private sectors.

I encourage ERS staff to give high priority to this agencywide effort. Success of a distributed data base system depends on each person in ERS contributing to the development and management of the system.

A handwritten signature in dark ink that reads "Bob Robinson". The signature is fluid and cursive, with the first name "Bob" and last name "Robinson" clearly legible.

Bob Robinson

## Aquaculture Research and Outlook Expanded

ERS economists Michael Dicks and David Harvey (786-1885) are developing a new research and outlook program for U.S. aquaculture. Their activities will focus on supply, demand, prices, and production costs.



Aquaculture, unlike commercial fishing, involves products grown in controlled environments, such as ponds and pens. In 1986, commercial catfish accounted for nearly half of the total \$500 million in sales of U.S. aquaculture products. Sales of other important products included trout (\$56 million), baitfish (\$52 million), crayfish (\$48 million), oysters (\$43 million), and salmon (\$33 million). The first aquaculture situation and outlook report in the new series will be published in September.

## Foreign Investment in U.S. Agricultural Land Up Slightly

Foreigners own 12.5 million acres or slightly less than 1 percent of all privately owned U.S. farm and forest land, according to ERS analyst Peter DeBaal (786-1425). That amount of land, owned on Dec. 31, 1987, was up slightly from

Dec. 31, 1986. About 5.6 million acres of total foreign holdings are farmland. Corporations own most of the foreign-held acreage (80 percent). Partnerships, individuals, estates, trusts, associations, and institutions own the remainder. Seventy-three percent of the foreign investment comes from (in order of importance) the United Kingdom, Canada, Fed. Rep. of Germany, Netherlands Antilles, Netherlands, and Switzerland.

## Federal Funds to Rural Areas: Fair Share? Right Mix?

The distribution of Federal funds among rural and urban counties has always been accompanied by questions about its rationale and impacts on people. ERS researchers Norman Reid (786-1542) and Elliott Dubin, who are analyzing the distribution of Federal funds, report that, in 1985, nonmetro counties received 18 percent less Federal funding per capita (for all programs, including defense) than metro counties. In 1980, nonmetro counties had received 14 percent less Federal funding.

Nonmetro counties rely more on income transfer programs than metro counties. Conversely, metro counties receive more Federal funds for procurement and research and development.

Reid and Dubin's study shows that, despite the higher per capita Federal funds in metro counties, the Federal budget tends to redistribute resources from more urban to more rural States. Residents of more rural States receive \$1.12 in Federal expenditures for each dollar of Federal tax burden; residents of more urban States receive \$.97.

## New ERS Report Examines Drainage Prospects

Most people would probably never realize the extent and effects in the United States of the age-old practice of draining wet soils. With some 110 million acres of farmland now artificially drained, the practice has greatly expanded the agricultural land base. But in some places, drainage has also reduced or degraded land areas vital to wildlife and flood control, or it has lowered the quality of water bodies receiving drainage water.

These effects, the history of drainage, and its role in the future of American agriculture are examined in a comprehensive report coordinated and edited by ERS economist George Pavelis (786-1410), *Farm Drainage in the United States: History, Status, and Prospects* (Misc. Pub. 1455, Dec. 1987).

The report is the product of extensive efforts by specialists in USDA's Agricultural Research Service, Cooperative State Research Service, Extension Service, and Soil Conservation



Bare soils bespeak the damages of soil salinity. Proper water management and drainage could have saved this cotton crop in the Imperial Valley, Calif.



Service, and at Cornell U., North Carolina State U., Ohio State U., Utah State U., and U. of Wisconsin.

The authors see drainage continuing to play an important role in water and land management even though drainage technology has changed dramatically in the last 30 years. Drainage emphasis will shift to management of total systems, with increasing attention to off-site effects and the interaction among agricultural production interests and nonagricultural concerns.

## Nonmetropolitan Population Is Declining

ERS analyst Calvin Beale (786-1534) and Irma Elo (Princeton U.) are analyzing nonmetropolitan population trends. Their findings show that nonmetropolitan counties retained fewer people during 1983-86 than during 1980-83. During 1983-86, more than half of all nonmetro counties estimated a decline in population similar to that of the 1960's. Widespread declines during 1983-86 were especially evident in agricultural and mining counties, indicating that the national economic recovery trend of that period passed those counties by.

Quality-of-life goals seemed to motivate people moving into nonmetro areas in the 1970's. Beale and Elo looked at residential preference polls to determine whether the lower nonmetro population growth of the 1980's is associated with any change in such preference. They found that a series of Gallup polls indicates a rise in preference for large cities in the 1980's. However, millions of people living in urban areas still say they would prefer to live in a rural area or small town.

## Personnel Notes

### Coyle Is New ATAD Branch Chief

William Coyle is the new chief, Developed Market Economies Branch, Agriculture and Trade



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Analysis Division. Coyle joined ERS in 1977 as the Japan country analyst. In 1983, Coyle spent a year at the Australian Bureau of Agricultural and Resource Economics analyzing the effects of U.S. and Japanese agricultural policies on Australian agriculture. Since 1984, he has been leader of the Pacific Rim Section in the Developed Market Economies Branch.

Coyle has published several articles and research bulletins on Japanese agriculture and on U.S.-Japanese agricultural trade policy issues. He has assisted in developing USDA positions on Japanese import restrictions on rice, beef, and citrus. He has helped develop a USDA capacity to monitor the levels and distribution of government assistance to agriculture in developed Pacific rim countries.

Coyle has a B.A. from Williams College in Massachusetts and an M.S. in agricultural economics from the U. of Tennessee. He has received three ERS Administrator's Special Merit Awards, one for situation and outlook reporting on high-value products, one for research on the Japanese feed-

livestock sector, and one for work on government intervention in agriculture; and an ERS Excellence Award, for the *East Asia and Oceania Situation and Outlook Report*.

### Ahearn Is New ARED Section Leader

Mary Ahearn is the new leader, Farm Costs and Returns Section, Farm Sector Financial Analysis Branch, Agriculture and Rural Economy Division.

Ahearn joined ERS in 1978 and worked on rural development, with an emphasis on the health status of rural residents and the availability and adequacy of rural health personnel and facilities. During 1980-83, she was at the Western Rural Development Center in Corvallis, Oreg. While there, she worked in the areas of rural health care and valuing nonmarket goods and services, including publicly-provided services.

Since returning to Washington in 1983, Ahearn has worked on farm sector issues such as farm structure, income distribution, off-farm income, farm operator household well-being, and farm finance. Her responsibilities have included contributions to the estimation and development of the farm income accounts and ERS's Farm Costs and Returns Survey data base.

Ahearn has a B.S. in food and resource economics from the U. of



CAROLYN RILEY

[Continued on page 6.]

Florida, an M.S. in agricultural economics from Pennsylvania State U., and a Ph.D. in agricultural and resource economics from Oregon State U. Ahearn has received two ERS Administrator's Special Merit Awards for her work in equal employment opportunity and civil rights.

## McElroy Is New ARED Senior Income Analyst

Robert McElroy is the new senior income analyst in the Farm Sector Financial Analysis Branch,



CAROLYN RILEY

Agriculture and Rural Economy Division. He will be coordinating a quarterly income and finance situation and outlook report.

McElroy started with ERS in 1974 in Athens, Ga. In 1977, he transferred to Washington to work in the technology and innovation program area. For the past 5 years, he has been the coordinator of ERS's costs-of-production project. McElroy's research has focused on regional income accounting.

Prior to joining ERS, McElroy worked as a financial analyst for the National Colombian Coffee Growers Federation while in Colombia with the Peace Corps.

McElroy has a B.S. in economics and an M.S. in agricultural economics from the U. of Florida. He has received three USDA Certificates of Merit for his work on costs of production.

## Highlights of Staff Activities

### *Agriculture and Rural Economy Division*

At a recent Southern Regional Science Association meeting in Morgantown, W.Va., **Herman Bluestone** was a paper discussant and chaired two rural development sessions; **Martha Frederick** presented a paper, "Directions in Rural Entrepreneurship: Insights Gained from a Review of the Literature"; **Celeste Long** presented a paper, "Patterns of Rural Employment Growth and Decline"; **Alexander Majchrowicz** presented a paper, "Using State Data to Monitor Economic Conditions and Trends in Rural America"; **Daniel Milkove** and **Patrick Sullivan** presented a paper, "Rural Commercial Banks and Bank Markets: A National Perspective"; **James Miller** presented a paper "The Product Cycle and High Technology Industry in Nonmetropolitan Areas, 1976-80"; and **Gerald Schluter** presented a paper, "Rural Communities' Stake in Agricultural Trade" • **Ron Durst** participated in a seminar on passive loss rules enacted as part of the Tax Reform Act of 1986, in Washington, D.C. • **Gregory Gajewski** presented a paper, "Bank Risk, Regulator Behavior, and Bank Closure in the Mid-1980's: A Two-Step Logit Model," at an Eastern Economic Association meeting in Boston, Mass. • **Stephen Hiemstra** and **Stephen MacDonald** (CED) presented a paper, "Forecasting U.S. Agricultural Exports Using the Trade Estimates System," at an Applied Commodity Price Analysis, Forecasting, and Market Risk Management Conference in St. Louis, Mo. • **Maureen Kilkenny** conducted a seminar on

"Agriculture and the GATT: Measuring Intervention and Modeling Policy Instruments," at a Food and Agriculture Policy Workshop at the U. of Minnesota • **Kilkenny** also presented a paper, "Balanced Matrices in Computable General Equilibrium Modeling: An Application to U.S. Agriculture" at a joint meeting of The Institute of Management Sciences and Operations Research Society of America in Washington, D.C. • **Kilkenny** and **Sherman Robinson** (visiting from the U. of California, Berkeley) discussed economywide modeling of agricultural and trade liberalization at an Interagency Economywide Modeling Working Group meeting in Washington, D.C. • **Ralph Monaco** participated in a Federal Forecasters Conference in Washington, D.C. • and **Monaco** also discussed the general economic outlook at a Northeastern Dairy Conference in Burlington, Vt.

### *Agriculture and Trade Analysis Division*

**Carlos Arnade** presented a paper (coauthored with **Robbin Shoemaker**, RTD), "Determining Policy Influences on Firm Revenues—A Supply Side Analogy to the Slutsky Decomposition," at Rutgers U. • and **Gene Mathia** conducted a seminar on government policies of developing countries and the possible impacts of future trade liberalization, at North Carolina Agricultural and Technical State U.

### *Commodity Economics Division*

**Robert Bishop**, **William Hahn**, and **Kenneth Nelson** gave presentations on economic issues in animal agriculture at a research planning workshop for USDA's Agricultural Research Service, in Beltsville, Md. • **Bishop**, **Lee**



Farmers Union, in Washington, D.C. • **Leland Southard, Lee Christensen, and Sara Short** briefed visitors from China on ERS outlook work and U.S. livestock issues, in Washington, D.C. • and **Tanya Roberts** met with the National Advisory Committee on Microbiological Criteria for Foods, in Washington, D.C.

### *Resources and Technology Division*

**Kenneth Algozin** presented a paper, "Information Needs for Formulating National Policies," at a National Association of Environmental Professionals Conference in Orlando, Fla. • **Eldon Ball** was a member of a U.S. trade delegation to the Organization for Economic Cooperation and Development, in Paris, France • **Ball** also presented a paper, "Large Scale Dynamic Models with Curvature Restrictions Imposed," at an Agricultural Sector Modeling Conference in Bonn, Fed. Rep. of Germany • **Cheryl Christensen** participated in a Northeast Regional Conference on Agricultural Biotechnology and the Public, in New Brunswick, N.J. • **John Day** presented a paper at a World Congress on Water Resources meeting in Ottawa, Ont. • **Ralph Heimlich** presented a paper on the implementation and impacts of swampbuster provisions of the Food Security Act of 1985 at a U.S. Fish and Wildlife Service National Symposium on Protection of Wetlands from Agricultural Impacts, in Fort Collins, Colo. • **Heimlich and Klaus Alt** participated in a workshop on Land Use Research and Applications for Policy Analysis, at Duke U. • **John McClelland** participated in a Workshop on Dynamical Science, at the U. of Southern California • **Donald Negri** presented a seminar on the determinants of water demand and technology choice, at the U. of

**Christensen, Mark Weimar, and Lawrence Witucki** participated in a meeting of the United Egg Producers, in Washington, D.C. • **James Blaylock, Richard Haidacher, and Lester Myers** discussed results of an ERS study of the demand for dairy products with the National Dairy Promotion and Research Board, in Washington, D.C. • **Terry Crawford, John Ginzel, Ronald Gustafson, and Stephen Reed** helped USDA's Packers and Stockyards Administration develop plans for an evaluation of commodity markets • **Ann Fleming and James Miller** participated in a Midwest Milk Marketing Conference, in Detroit, Mich. • **Edward Glade and Robert Skinner** participated in a USDA advisory committee meeting on cotton marketing, in Washington, D.C. • **Catherine Greene and Shannon Hamm** were interviewed about prospects for speciality produce for TV shows to be aired by USDA and the Public Broadcasting Service, in Washington, D.C. • **Verner Grise** taped a discussion of tobacco farming in the future, for Voice of America, in Washington, D.C. • **Charles Handy** conducted a seminar on food retailing developments and results of an ERS study of supermarket pricing at Cornell U. • **Frederic Hoff, Ben Huang, and Boyd Buxton** conferred with a delegation from China on production and marketing of fruits, in Washington, D.C. • **Linwood Hoffman** assisted the U.S. Office of the Inspector General in a study of producer complaints about recent USDA changes in wheat protein measurement, in Washington, D.C. • **Allen Johnson, Patrick O'Brien, and Donald Seaborg** met with Agriculture Canada staff to discuss restructuring their commodity outlook program • **Mack Leath, Lawrence van Meir, and Samuel Evans** discussed U.S. grain production and marketing with representatives of the South African

Maryland • **Katherine Reichelderfer** served as a panelist for a USDA Extension Service Conference on Alternative Agriculture, in St. Louis, Mo. • **Gene Wunderlich** addressed a Symposium on Ethics in Agriculture at Brigham Young U. • and **Wunderlich** also presented a paper on geographic information systems for rural areas at a conference on Information Technology in the 1990's, at Louisiana State U.

### *Data Services Center*

**Linda Atkinson** presented a PC hands-on workshop on SAS/IML, at a SAS User Group International meeting in Orlando, Fla. • **Charles Hallahan** presented a paper, "The New Swamsley Algorithm," at an Economic Dynamics and Control Conference in Tempe, Ariz. • and **Agapi Somwaru** presented a paper (coauthored with Uptal Vasavada, U. of Georgia), "Explaining Fluctuations in Returns to Agricultural Equities," at a joint meeting of The Institute of Management Sciences and Operations Research Society of America, in Washington, D.C.

### *Office of the Administrator*

• **John Lee** participated in an agribusiness outlook and policy conference in Des Moines, Iowa • **Edward Reinsel** participated in a National Academy of Sciences meeting on planned national statistics in Washington, D.C. • **Reinsel** also was a panel discussant at a meeting of the Council of Professional Association of Federal Statistics, in Washington, D.C. • and **Reinsel** also presented a paper, "A Review of Suggestions for Improving Agricultural, Food Sector, and Rural Data," at a meeting of the Census Bureau advisory committee on agriculture statistics, in Jeffersonville, Ind.

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